



# Developing Competitiveness and Promoting Nepali Apparels Export: Branding and Marketing Imperatives

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By

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# A Pivotal Moment

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The Nepali Garments Sector at a crossroads.

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The industry stands at a pivotal moment, caught between a rich artisanal heritage and the demands of the global market.

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**The Ticking Clock** :Nepal is set to graduate from Least Developed Country (LDC) status in 2026.

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**The Core Challenge:** This requires an urgent transition from a model reliant on preferential trade access to one built on a powerful, differentiated brand identity.

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**The Opportunity** :Nepal's overall exports rebounded strongly in FY2024/25, driven by growth in textiles, reaching NPR 217.9 billion in the first ten months.

# The Current Landscape: A Sector of Contrasts

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A vital engine for the Nepali economy, contributing to manufacturing, foreign exchange, and employment.

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Renewed Momentum :Nepali RMG exports rose slightly in FY2024/25, after last year's drop, indicating the industry is regaining traction.

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This positive trend is supported by a surge in exports to India (over 100% year-on-year) and recoveries in other sectors.

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The sector cites rising regional demand and niche buyers (Europe, North America) for this modest gain.

# A Fragile Boom

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Recent growth is encouraging but best understood as a "fragile boom".

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**Key Driver:** Growth appears to be driven more by external geopolitical shifts than internal strengths.

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Steep US tariffs on Chinese (50%) and Indian (50%) exports have prompted global brands like GAP, Puma, Nike, and Zara, and Indian exporters, to explore Nepal as an alternative.

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This masks deep-seated structural weaknesses that threaten long-term competitiveness.

# Deep-Seated Structural Weaknesses



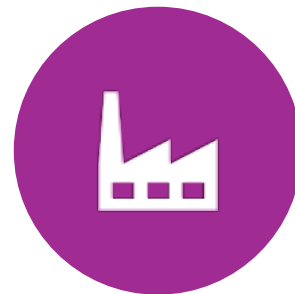
**Raw Material Dependency**  
:Heavily reliant on imported raw materials; fabric imports are projected to reach \$32.8 million by 2026.



**Obsolete Technology**  
:Widespread use of outdated machinery hinders productivity and quality.



**Critical Skills Gap:** Only an estimated 1% of the workforce holds a technical certificate or diploma.



**High Production Costs:** Production costs can be up to 25% higher than in competing nations due to logistical challenges and lack of R&D

# The Sustainability Paradox

A Key Strength: Access to clean, hydropower-based energy offers a compelling low-carbon footprint narrative for buyers.

This aligns perfectly with the global trend towards sustainable and ethical production.

The Contradiction: This positive story is undermined by a growing domestic environmental crisis.

Nepal is becoming a dumping ground for low-cost fast fashion from China and India (89% of garment imports).

Positive Step: The Nepalese government banned imports of second-hand clothing in 2025, aiming to prevent Nepal from becoming a dumping ground.

# SWOT Analysis: Strengths

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**Unique Cultural Heritage & Artisanal Skills:** Strong traditions in hand-weaving (Dhaka), embroidery, and handwork.

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**Favorable Trade Policies (Pre-Graduation):** Duty-free access to the EU and a low 10% tariff for the US market.

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**Powerful Sustainability Narrative:** Access to hydropower for low-carbon production is a key ESG selling point .

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**Niche Production Capabilities:** Flexibility for small production runs appeals to niche and ethical fashion brands .

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**Strong Local & Diaspora Markets:** Provides a stable base market .

# SWOT Analysis: Weaknesses

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Raw Material Dependency: Heavy reliance on imported fabrics, creating supply chain risks.

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Obsolete Technology & Infrastructure: Outdated machinery hinders productivity and efficiency.

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Unskilled Labor Force: Lack of technically trained workers necessitates reliance on foreign expertise.

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High Production & Logistics Costs: Being a landlocked country with underdeveloped infrastructure raises costs.

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Lack of R&D and Market Intelligence: Limits innovation and access to information on global market trends.

# SWOT Analysis: Opportunities

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Geopolitical Trade Shifts: Steep US tariffs on Indian (50%) and Bangladeshi (20%) exports are attracting major brands like GAP, Puma, and Zara.

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Growing Global Demand for Sustainable & Ethical Products: Creates a premium market for products with verifiable sustainability credentials.

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Regional Collaboration: Potential for joint ventures with Indian and Bangladeshi investors.

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Digital Marketing & E-commerce: Ability to reach global niche markets directly at a low cost.

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Import Substitution: Opportunity to develop domestic capacity for textiles and machinery.

# SWOT Analysis: Threats

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Impending LDC Graduation (2026): The loss of preferential trade access is the most significant threat.

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Intense Regional Competition: Fierce competition from established producers in India and China.

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Technological Lag: A widening technology gap could lead to substandard goods, harming the "Made in Nepal" brand.

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Risk of Illegal Transshipment: Potential for counterfeit "Made in Nepal" labels to evade US tariffs, damaging the country's reputation.

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Uncertainty in Input Costs: Volatility in the price of imported raw materials and energy.

# The LDC Graduation Imperative

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The 2026 graduation is the single most powerful driver for strategic change.

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Quantified Impact: The loss of preferential tariffs could reduce Nepal's total exports by up to 4.3% (\$59 million based on 2026 projections) .

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The apparel and textile sectors are expected to bear a disproportionate share of this burden.

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## Projected Losses :

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- \$21 million in apparel exports.

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- \$14 million in synthetic textile fabrics.

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- \$6 million in carpets

# The Strategic Pivot

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From a **Cost-Based Model** to a **Brand-Based Model**

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For decades, the sector has competed on low costs and preferential market access. Graduation will eliminate this foundation.

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The Only Path Forward: A strategic pivot to a model based on brand and value.

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The loss of tariff advantages must be offset by creating a brand premium.

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International buyers and consumers must be willing to pay more for a "Made in Nepal" product.

# Weaving a Global Narrative: 'Made in Nepal' Brand



To navigate the post-LDC world, the industry must transition from being a manufacturer to a master storyteller.



The future lies in selling a narrative of authenticity, sustainability, and ethical craftsmanship.



Brand Archetype: The Sage/Explorer.



Sage: Embodies the wisdom of ancient crafts.



Explorer: Reflects the adventurous, natural spirit of the Himalayas.

# The Three Pillars of the 'Made in Nepal' Brand

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**1. Storytelling and Authenticity:** The product is the artifact; the story is the brand. Tell the human stories behind each garment---the artisan, the skill, the culture. This is a unique asset that cannot be replicated.

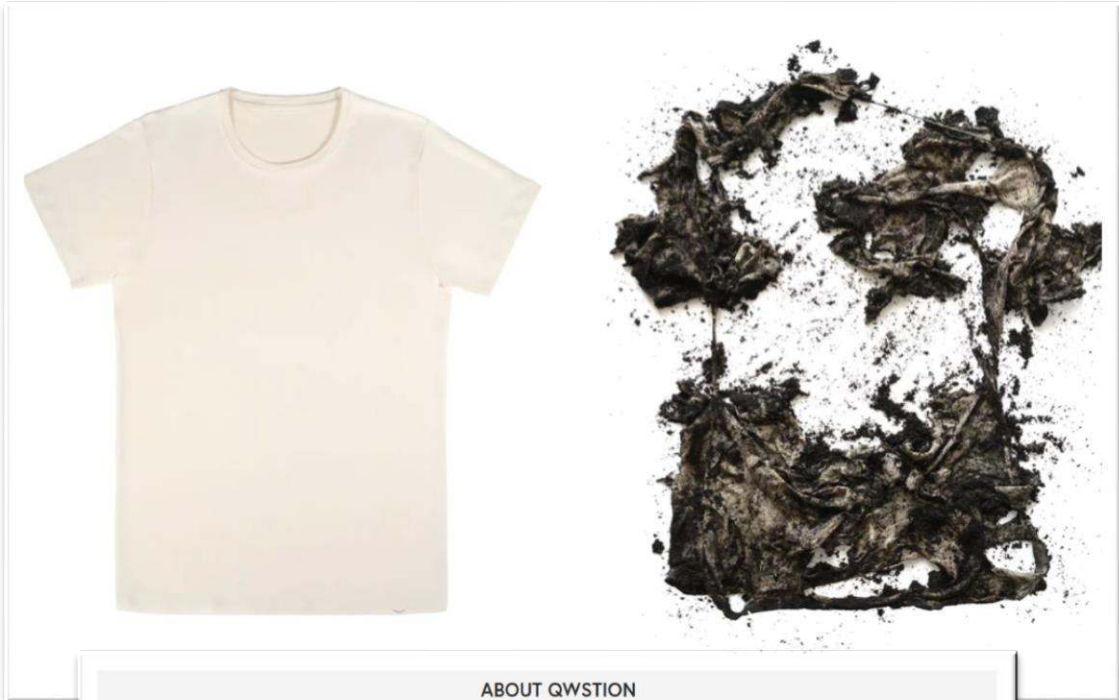
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**2. Verifiable Sustainability:** Move beyond vague claims to specific, verifiable credentials. The key asset is low-carbon production using clean hydropower. Promote natural fibres and secure certifications like GOTS or Fair Trade.

3

**3. Ethical Production & Community Empowerment:** Link the purchase of a garment to the empowerment of its creator, particularly women artisans in rural communities. This transforms a transaction into an act of social good.

# T-SHIRT OF TOMORROW



Abacá plants grow in a chemical-free permaculture in the Philippines before being transformed into fabric in Taiwan.



### ABOUT QWSTION

QWSTION challenges conventional ways of designing, making and using everyday goods. Designed for circularity, created from plants instead plastic.



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# KANDUK INDUSTRIES GO GREEN WITH BANANA FIBER

Innovation Grant Winner

Birendranagar -01 19 MAY, 2023

Ideation

SDG 9: Industry, Innovation and Infrastructure

SDG 11: Sustainable Cities and Communities

SDG 12: Responsible Consumption and Production

Fund seeking: NPR 125000

The idea focuses on introducing banana fiber extraction as an eco-friendly alternative to plastic products by using the available resources, Local human resources, and women empowerment. This process involves obtaining natural fibers from banana plants, specifically the pseudo stem, to create sustainable and biodegradable materials. Using banana fiber can reduce our reliance on plastic bags and other plastic products and promote a more environmentally conscious approach to packaging and carrying goods. The initial plan is to extract the fiber and utilize it for the production of alternatives to plastic products including handicrafts providing employment to the local farmers and promoting women's empowerment in rural areas. We can explore the potential of banana fiber as a greener alternative and make a positive impact on our planet.

**Problem & Context** . Innovation . Market Opportunity . Impact . Sustainability

Plastic pollution has reached critical levels, particularly in Kathmandu, where a staggering 4,800,000 plastic bags are used daily, leading to the accumulation of 800 tons of non-biodegradable waste in landfills. Nepal's import of plastic and plastic products in the 2021-22 fiscal year amounted to a significant 72.34 billion Nepali rupees (568 million U.S. dollars), underscoring the magnitude of the issue. In response, legislative measures are being implemented to ban the use of plastic products. Additionally, the discarded banana trunk, a byproduct of harvesting, contributes to greenhouse gas emissions. To address these challenges, our idea of extracting banana fiber and utilizing it as a sustainable alternative to plastic products has emerged. This innovative approach aims to reduce plastic waste and utilize the abundant banana biomass to tackle environmental concerns effectively.

## Team Members



Roshan Ojha  
Engineer





# Hero Narrative 1: Dhaka

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The Loom of Nepali Identity

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**The Story:** Originates with the indigenous Limbu people. Its intricate geometric patterns are a visual language reflecting beliefs and nature. It became a symbol of national pride as the fabric for the \*Dhaka topi.

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**Marketing Angle:** Elevate Dhaka from traditional attire to a versatile, contemporary artisanal fabric.

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**Target Market:** Global Nepali diaspora and international designers seeking textiles with authentic cultural provenance.

# Hero Narrative 2: Allo (Himalayan Nettle)

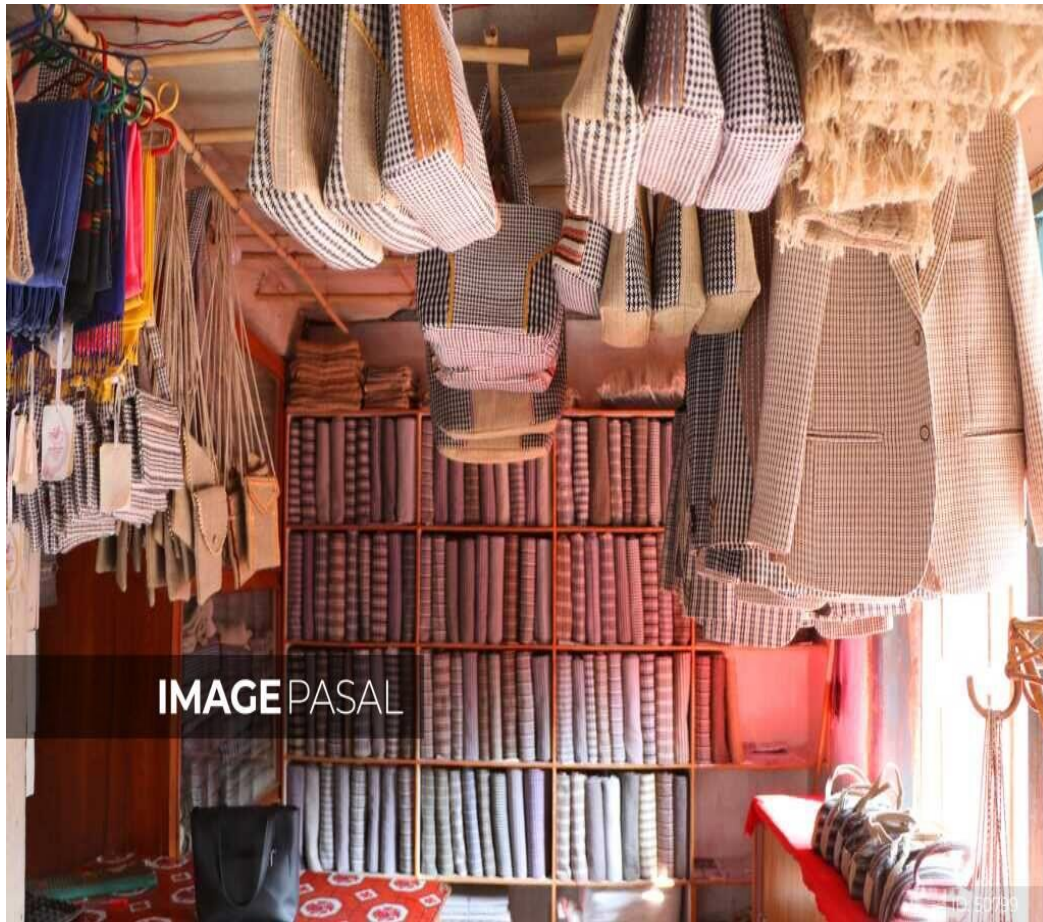
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## The Fibre of the Himalayas

- **The Story:** A story of resilience and nature, harvested from the wild giant nettle plant at high altitudes. It is naturally thermoregulating, durable, and biodegradable. The process involves wild-harvesting by Rai and Magar communities and hand-spinning on traditional looms.
- **Marketing Angle:** Position as a premium, eco-luxury fibre---a sustainable alternative to linen or hemp. Emphasize its connection to women's cooperatives and community empowerment
- **Target Market:** High-end, eco-conscious consumers who value rarity and social impact.



# Hero Narrative 2: Allo (Himalayan Nettle)



*(Girardinia diversifolia)*

# Hero Narrative 3: Pashmina



## Reclaiming the Heritage of Himalayan Cashmere

- **The Story:** Differentiate authentic "Nepal Pashmina" from lower-quality cashmere. The narrative begins with the Chyangra goat living above 4,000 meters. The process involves humane hand-combing of wool, delicate hand-spinning, and intricate hand-weaving, involving up to 72 steps.
- **Marketing Angle:** Brand as the true heir to the legendary fabric. Focus on education and certifications to combat counterfeits. The promise is an investment in a piece of living history.

# A Digital Blueprint: Go-to-Market Strategy

## **Core Strategy: Process as Proof**

- The most potent marketing asset is the verifiable authenticity of the production process.
- Visually document the product's journey---from mountain pasture to handloom---a tool mass producers cannot replicate.

## **Channels:**

- Visual Storytelling (TikTok, Instagram): Short, compelling videos of artisans at work.
- In-Depth Content (SEO & Blogs): Attract high-intent buyers with articles on the history and science of the fibres.
- E-commerce: A dual approach of Direct-to-Consumer (D2C) sites and partnerships with established ethical marketplaces (e.g., Made Trade, Farfetch)

NEPAL ECO FASHION SHOW

# NEFAS



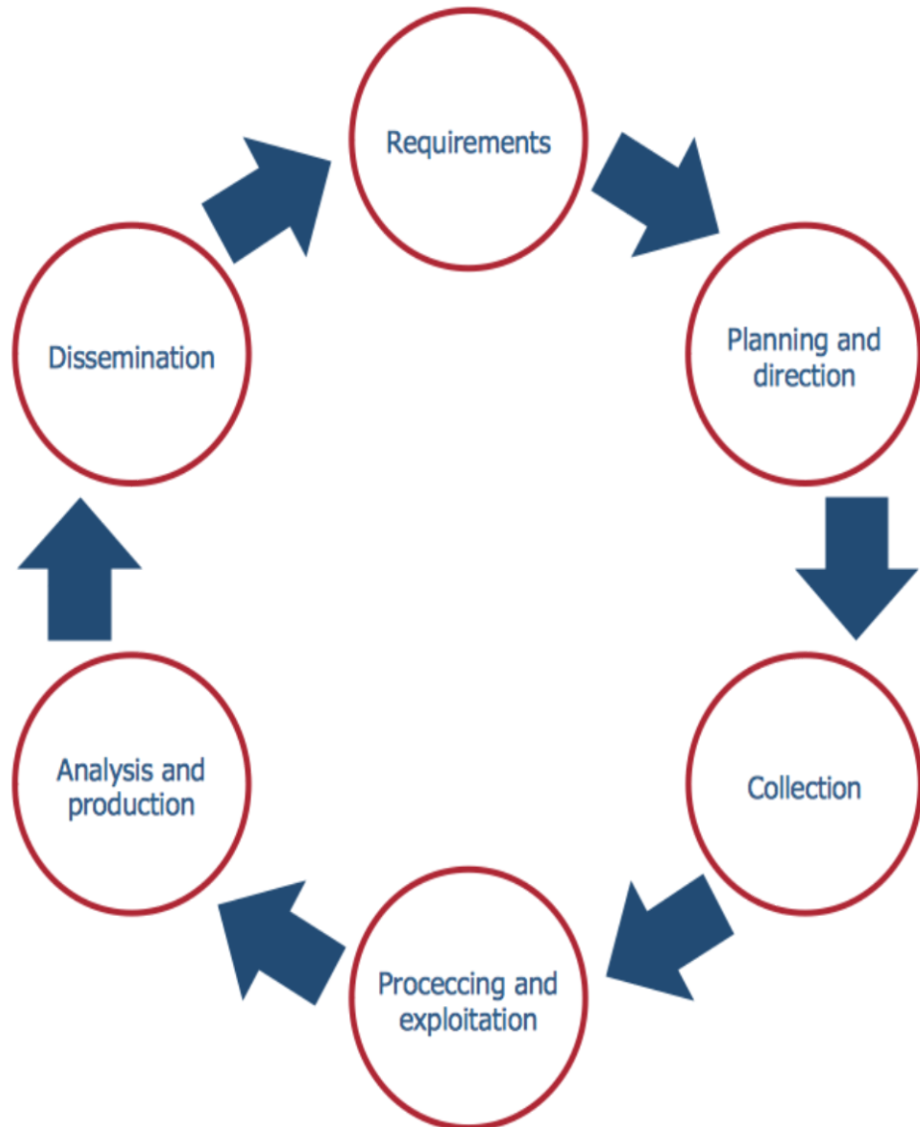
## Proposal: Nepal Eco Fashion Show (NEFaS)

- **A Global Stage for Nepali Craft**
- **Mission:** To take Nepali fashion to the world and establish Kathmandu as a global destination for sustainable and artisanal textiles.
- **Vision :**To build a world-renowned platform for ethical fashion with a heart.
- **Concept:** A premier international B2B trade event, not just a local fashion show.

### **Strategic Objectives:**

- Establish Market Presence.
- Facilitate Commerce & Generate Export Orders.
- Showcase the "Made in Nepal" Narrative.
- Foster Industry Collaboration.

# Nepal Eco Fashion Show (NEFaS): Key Components



- **The Artisan Pavilion (Nepal Eco Fashion Show -NEFaS):** Live demonstrations of weaving, spinning, and craft, allowing buyers to interact directly with master artisans.
- **Brand Expo:** A professional B2B marketplace for 30-50 of Nepal's leading exporters.
- **Designer Showcases :**Runway shows featuring collections that incorporate traditional Nepali textiles.
- **International Buyers' Lounge:** An exclusive, invitation-only space for serious business and contract negotiations.
- **Leadership Panels & Masterclasses:** A thought-leadership track on topics like sustainable supply chains and digital marketing.
- **Awards Gala:** A closing night event to celebrate excellence in Nepali fashion.



# The Unboxing Experience

- The packaging is a critical touchpoint that must reinforce brand values.
- Sustainable Materials :Replace plastic polybags with eco-friendly, compostable packaging made from plant-based materials. This demonstrates a commitment to sustainability throughout the supply chain.

## **Narrative Reinforcement: The Story Card**

- Include a small, beautifully designed card with each product.
- Feature a photo of the artisan, explain the craft, or detail the cultural meaning of the pattern.
- This creates a deep emotional connection and justifies the premium price.



## Shein Business Model

### Key Activities

- Trend Watching
- Purchasing Textiles:
  - Readymade
  - Custom-Designed
- Dress Manufacturing
- Supply Chain Management
- CRM
- Sales

### KEY PARTNERS

- Textile Suppliers
- Logistics: Shipping and Transport
- Marketing: Photography and Copywriting

### VALUE PROP.

For effortlessly stylish women, SHEIN is an online clothing brand that designs, manufactures, and sells shift dresses. Unlike traditional fashion retailers, SHEIN provides a curated and uncluttered digital shopping experience for a versatile collection of shift dresses that have a positive social impact.

### CRM

- Get: Social Media, e.g., Instagram, Google Adwords, Subway Ads, Direct Mail, Website, Referral Program
- Retain: Social Media, Email
- Grow: Additional Products

### KEY RESOURCES

- Production: Factory, Workers, Oversight
- HQ: Website, Customer Service, Customer Acquisition, Product Design, Inventory, Warehouse

### CHANNELS

- Primary: Direct-to-Consumer eCommerce
- Secondary: Pop-Up Shops

### CUSTOMER SEGMENT(S)

- Working Women in 20s to 40s
- Digitally Savvy
- Disposable Income
- Chooses Brands That Align with Their Socially Responsible Values
- Urban Setting
- Effortlessly Stylish Fashion Sense
- Dissatisfied with "Fast Fashion"

### COST STRUCTURE

- Variable (Dresses): Materials, Hardware, Labour, Duties, Shipping, Packaging, Warehouse
- Fixed: Manufacturing Equipment, Rent, Marketing, Salaries, Utilities

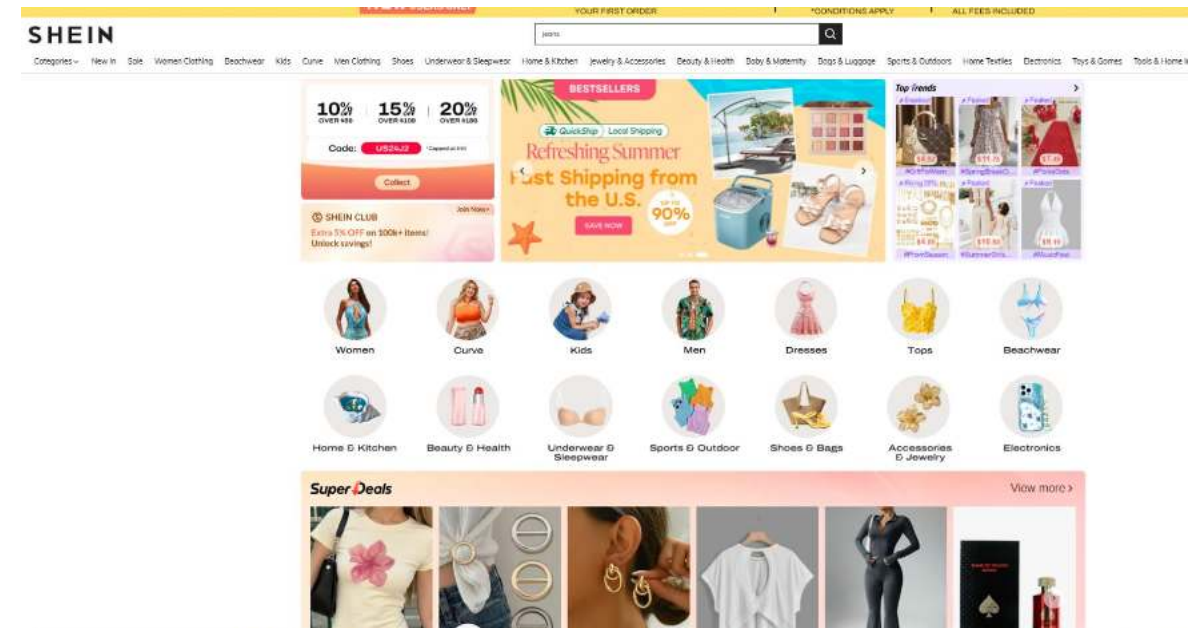
### REVENUE STREAM

D2C eCommerce

# Enhancing Marketing: Global Case Studies

## Case Study: Shein (Agile Supply)

- Lesson: Master agile, small-batch production driven by real-time data.
- Our Application :Position Nepal as the ideal partner for small-batch, high-quality, sustainable capsule collections for global brands. Our flexibility is our strength.





# Enhancing Marketing: Global Case Studies

## Case Study: Suzhou Silk (Heritage Marketing)

- **Lesson:** Tangible products need intangible stories. Create experiences around the craft.
- **Our Application:** Make our craft the centerpiece. Live demonstrations at Nepal Eco Fashion Show (NEFaS) "story cards" in packaging to connect the customer to the maker.



# Global Market Penetration: A Dual Strategy

## 1. Niche Dominance

**Strategy:** Focus on capturing the premium segment of the global market where brand story, quality, and ethics outweigh price.

**Target:** Value-conscious consumers in the US, EU, Japan, and the global Nepali diaspora.

**Strategy:** Market curated collections of high-margin products built around Dhaka, Allo, and Pashmina.

## 2. The Volume

**Opportunity:** Capitalize on geopolitical shifts to build an ethical Ready-Made Garment (RMG) hub.

**Target:** Major brands (Nike, Gap, Zara) seeking to diversify supply chains away from China and India.

**Strategy:** Position Nepal as the premier destination for ethical and sustainable volume production.

# The 'Ethical RMG' Proposition

**The Pitch** :Nepal is not the cheapest option, but it is the most responsible one.

## **Key Selling Points:**

- Low-carbon manufacturing footprint (hydropower).
- Demonstrable commitment to fair labour practices.
- Flexibility for small-to-medium volume production runs.

**The Niche:** Target "conscious fast fashion" or "mid-market sustainable" brands that require agile and ethically unimpeachable partners. This avoids direct competition with the massive scale of Bangladesh.



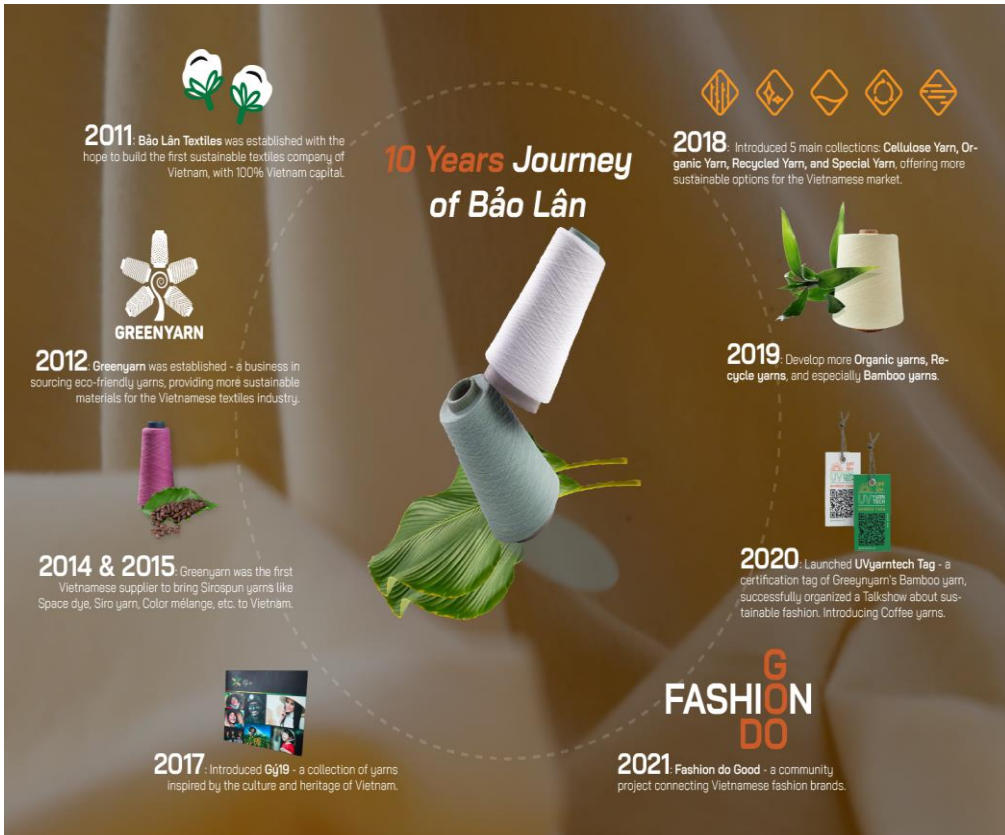
## Bangladesh:

Where Cost-Effectiveness Meets  
Sustainability in Apparel Sourcing



# Lessons from Regional Competitors: Bangladesh

- **Success Model:** Unmatched economies of scale, low-cost labour, duty-free EU access, and a powerful industry association (BGMEA).
- **Vulnerability:** Reputational risks from labour issues and rising wages.
- **Lesson for Nepal:**
  - Emulate: The model of a strong, unified industry association. A strengthened Garment Association Nepal (GAN) is essential for advocacy and promotion.
  - Do Not Compete :On scale or price.



# Lessons from Competitors: Vietnam & India

- **Vietnam's Success Model:** Focus on high production quality, efficiency, and masterful use of Free Trade Agreements (FTAs).
- **Lesson:** Proactively negotiate post-LDC trade agreements (like EU's GSP+) and move up the value chain.
- **India's Success Model:** A diversified textile base and, most importantly, mastery of heritage branding.
- **Lesson:** India's strategy for marketing traditional textiles is the single most relevant model for Nepal to emulate. The playbook of storytelling and fusing heritage with contemporary design is directly applicable.

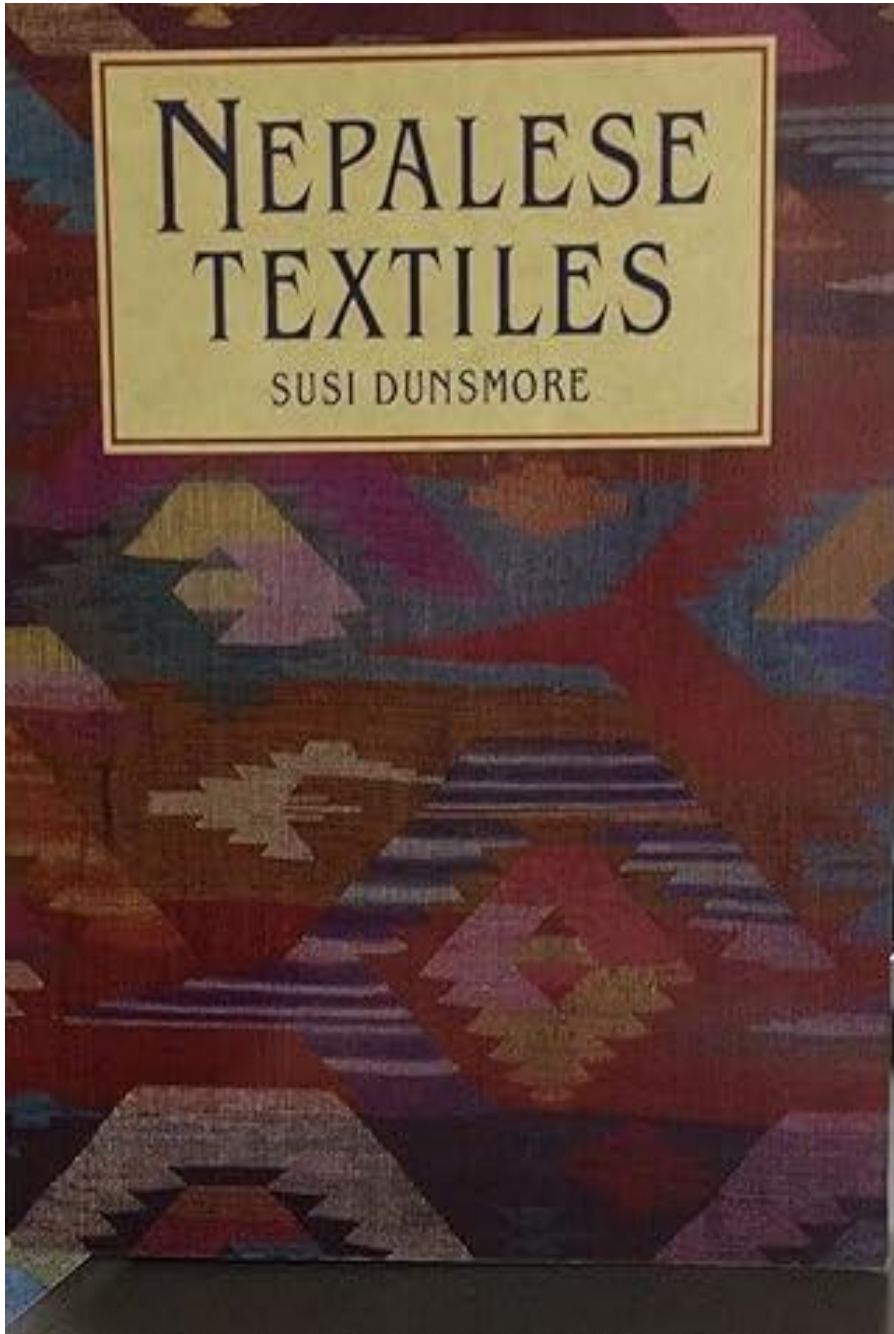


# Recommendations for Government of Nepal & Trade Bodies

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1. **Champion the 'Made in Nepal' Brand:** Launch and fund a "Brand Nepal" initiative, modelled on India's "Handloom Mark," to provide quality assurance and a unified identity.
2. **Pursue Post-LDC Trade Agreements:** Make securing GSP+ status with the EU the highest diplomatic priority to retain duty-free access.
3. **Incentivize Modernization:** Introduce tax breaks or subsidized loans for investment in modern machinery, water treatment plants, and certifications.
4. **Protect Brand Integrity:** Establish and rigorously enforce strict rules of origin and create a task force to police against illegal transshipment.





# Recommendations for Garment Association Nepal (GAN)

## Build

Build a Unified and Powerful Industry Voice: Evolve to mirror the strategic role of Bangladesh's BGMEA, providing market intelligence, training, and powerful policy advocacy.

## Spearhead

Spearhead NEFaS Take ownership of the initiative and use the provided blueprint to launch it as the industry's flagship B2B event.

## Foster

Foster a Culture of Quality and Compliance: Develop industry-wide standards, including geographical indications (GI) and facilitate group certification processes (GOTS, Fair Trade) to make them more accessible for SMEs.



# Recommendations for Individual Exporters and Brands

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1. **Embrace Storytelling** as a Core Business Function: Shift mindset from manufacturer to brand custodian. Invest in professional branding and digital marketing. Stop selling products; start selling stories.
2. **Innovate with Heritage** :Actively collaborate with designers to use traditional materials like Dhaka and Allo in new, contemporary product categories and styles.
2. **Digitize and Diversify Market Access**: Invest in professional e-commerce websites and use social media to engage customers directly. Target the global Nepali diaspora and niche consumer segments in new markets.

# The Path Forward: A Synergistic Strategy



The two pathways--Niche Artisanal Dominance and the Ethical RMG Hub are not mutually exclusive but synergistic.

The powerful brand halo created by exquisite, high-end artisanal products (Pashmina, Allo) elevates the credibility and appeal of Nepal's volume manufacturing proposition.

This positions Nepal as a uniquely valuable partner in the global supply chain.

# Conclusion

The Nepali garment industry is at a pivotal moment, with LDC graduation in 2026 acting as a powerful catalyst for change.

The future is not in competing on cost, but in building a powerful global brand rooted in Authenticity, Sustainability, and Ethical Craftsmanship.

By embracing its unique heritage, telling its powerful stories, and making strategic investments in modernization and marketing, the industry can forge a new path to a prosperous and sustainable future.

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